

## **AN EMPIRICAL STUDY OF AWARENESS OF E-FILING**

**Dr. M. Ragupathi**

Assistant Professor and Head, Department of Commerce, Government Arts and Science College  
Komarapalayam, Namakkal - 638 183.

**G. Prabu**

Ph.D., Research Scholar (Full Time), PG & Research Department of Commerce, Government Arts  
College Salem - 633 007.

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### **ABSTRACT**

E-filing is a systematic way to up load Income Tax Returns (ITRs) through Internet. There are two benefits of filing taxes, electronically over mailing in your return so that you will receive a tax refund sooner and your tax data goes directly to IRS computers with a greatly reduced chance of human keying or document scanning errors. E-filed returns cost 20 times lesser to than process which compared to a paper return that saves tax payers a lot of money. This paper deals with the importance and awareness of e-filing services, tax laws, procedure for assessment, and payment Descriptive research method has been used for this present study. Samples were collected from individual tax payer and business men through questionnaire method. Convenience sampling method was used by the researcher to collect the data. There is no significant difference between awareness level of e-filers and age group of the respondents.

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## **INTRODUCTION**

The Central Government has been empowered by Entry 82 of the Union List of Schedule VII of the Constitution of India to levy tax on all income other than agricultural income (subject to Section 10(1)) The Income Tax Law comprises The Income Tax Act 1961, Income Tax Rules 1962, Notifications and Circulars issued by Central Board of Direct Taxes (CBDT), Annual Finance Acts and Judicial pronouncements by Supreme Court and High Courts.

The government of on taxable income of all persons including individuals, Hindu Undivided Families (HUFs), Companies, Firms, Association of persons, Body of individuals, local authority and any other Artificial judicial person. Levy of tax is separate on each of the persons. The levy is governed by the Indian Income Tax Act 1961. The Indian Income Tax

Department is governed by CBDT and is part of the Department of Revenue under the Ministry of Finance, Government of India. Income tax is a key source of funds that the government uses to fund its activities and serve the public.

### **1.1 Definition of E- Filing**

E- File is the term for electronic filing, sending your income tax return form tax software via the Internet of the IRS or state tax authority. Two benefits of filing taxes electronically over mailing in your return are that you will receive a tax refund sooner and your tax data goes directly to IRS computers with a greatly reduced chance of human keying or document scanning errors. E-filed returns cost 20 times lesser than to process which compared to a paper return that saves tax payers a lot of money.

### **1.2 History of E- Filing**

E- Filing is the process of filling your tax documents through internet with the help of softwares or by registering yourself to the income tax website. In India, e-filing of income tax was introduced in September, 2004, initially on a voluntary usage basis for all categories of income tax assesses. But from July, 2006, it was made mandatory for all corporate firms to e-file their income tax returns. Taking this process further, from assessment year 2007 to 2008, e-filing of income tax return was made mandatory for all companies and from 2013 individuals having more than INR 10 lakh income are mandate for filling income tax online.

### **1.3 Review of Literature**

**Lai Ming Ling and Choong Kwai Fatt (2008)**'s "Electronic Tax filing System: Taxpayers 'Perspective" examines the motivation to use e-filing and the impediments from taxpayers' perspective. Majority of the e-filers use e-filing for the sake of convenience, speed of filing and in fact to get faster tax refund. This study has implication for the tax administrators to develop a better user friendly e-filing system.

**Azleen Ilia, and Mohd Zulkeflee Abd Razak (2009)** in their study examined taxpayers' attitude in using e-filing system. This study employs the Technology Acceptance Mode (TAM) to examine taxpayers' attitude in using e-filing system. This study also examines the relationship between taxpayer, attitudes and perceived usefulness, perceived credibility. The result shows significant differences among experienced and non-experienced taxpayers in handling and learning e-filing system

**Sujeet Kumar Sharma and Rajan Yadav, (2011)** have made study an empirical study on tax payer's attitude towards e-return filing in India. The purpose of this paper is to understand tax payer's attitude towards this new information system. The paper is based on the conceptual framework of Technology Acceptance Model (TAM) which has been extended systematically to accommodate some more determinates to analyse tax payer's attitude. In this information communication technology era, every government is required to develop a reliable, fast and customized channel for service delivery under various e-governance initiatives. The study is a systematic attempt in this direction to explore customer acceptance of one such input in the form of e-return filing.

**Geetha R. and Sekar M. (2012)** in their paper titled "Awareness and satisfaction level of E-Filing individual tax payers" mainly focus on assessing awareness and

satisfaction level of tax payers about e-filing of income tax returns. The survey was conducted only in Coimbatore city. This study reveals that the existing users are satisfied with the e-filing facilities but most of the individual tax payers are not aware of the e-filing and e-payment procedures. So sufficient steps are required to create more awareness in the minds of tax payers regarding e-filing of income tax.

**Meenal and Ginni Garg (2012)** in their study titled “E-filing of taxes: A Research Paper” analyses various theoretical aspect of views on users perception, technology acceptance, and usage of e-filing issues. It finds that primary importance should be given to security of private data of customers, so that more and more people e-file their ITRs.

**Mikel Alla, Cand (2014)** investigated the “System of Tax filing in Albania E-filing”. This paper shows the importance of the e-filing system for taxpayers and tax administration and the advantages and disadvantages of this system. Reasons for the implementation of this system are numerous, because of the facilities it offers: transparency system, saving time, avoiding the tax evasion, simplification of procedure, equal treatment of taxpayers by the tax authorities, etc.,

**M. Krishna Moorty and Azni Suhailly Binti Samuri (2014)** have studied the E-filing behavior among academics in Perk state Malaysia. This study focuses on the Perk state academics' intention and behavior to adopt e-filing tax system. The findings show that perceived usefulness, perceived security, and perceived credibility influence the Perk state academics e-filing adoption intention. However, perceived service and information quality has not influenced their e-filing adoption intention.

#### **1.4 Need for the Study**

The Income Tax Department is a major revenue source of India and also its gives a world class services to taxpayers in the country. The Department was introduced Electronic Filing (e-filing) of income tax return (ITRs) to make the filing process easier for taxpayers as well as to reduce the time required for data entry on receipt of returns. This paper deals with the importance and awareness of e-filing services, tax laws, procedure for assessment, and payment of tax.

#### **1.5 Objectives**

- To know the overall experience towards e-filing.
- To analyze the awareness level of tax payers towards e-filing.
- To find out the time taken by filing income tax returns towards e-filing.

#### **1.6 Hypotheses**

- There is no significant difference between overall experience of e-filler and gender of the respondents.
- There is no significant difference between overall experience of e-fliers and age group of the respondents
- There is no significant association between awareness level of e-filers and age group of the respondents.

## METHODOLOGY

Descriptive research method has been used in this present study. Convenience sampling method was used to collect the data. The size of the sample is 50. Samples were collected from individual tax payer and business men through questionnaire method. The sources of data were primary as well as secondary. The primary data were collected through questionnaire. The information gathered from books, journals, magazines, reports, and dailies was the secondary data. The data collected were edited, coded and processed with the help of (SPSS) software. The statistical tools are used; T-Test, F-Test.

## RESULTS

Demographic profile of the respondents shows that 44.0 percent of the respondents are 30 to 45 years of age, 38.0 percent of the respondents are above 45 years of age, and 18.0 percent of the respondents are below 30 years of age. It clearly shows that majority of the respondents are (44.0 percent) 30 to 45 years of age (see table 1).

Demographic profile of the respondents 62.0 percent of the respondents are Male, and 38.0 percent of the respondents are Female. It clearly shows that majority of the respondents are (62.0 percent) Male (see table 1).

Demographic profile of the respondents 60.0 percent of the respondents are working in government sector, 12.0 percent of the respondents are working both private sector and traders/business, 8.0 percent of the respondents are working both self employed and retired/pensioner. It clearly shows that majority of the respondents are working (60.0 percent) government sector (see table 1).

Demographic profile of the respondents 46.0 percent of the respondents are monthly income Below 50,000, 34.0 percent of the respondents are monthly income above 7,00,000 and 20.0 percent of the respondents are monthly income below 5,00,000. It clearly shows that majority of the respondent's monthly income 46.0 percent Below 5, 00,000 (see table 1).

Demographic profile of the respondents 58.0 percent of the respondents are living in urban area and 42.0 percent of the respondents are living in rural area. It clearly shows that majority of the respondents are living in urban area (see table 1).

Demographic profile of the respondents 46.0 percent of the respondents are post graduates, 20.0 percent of the respondents are PhD., 14.0 percent of the respondents are professionals, 12.0 percent of the respondents Higher secondary and 8.0 percent of the respondents are degree. It clearly shows that majority of the respondent are (46.0 percent) post graduates (see table 1).

Independent sample t-test table (see table 2) shows that the p-value is less than 0.05 (0.000), the null hypothesis is rejected and the alternative hypothesis is accepted at 5% level of significance. Hence, it could be concluded that there is significant difference between overall experience of e-filler and gender of the respondents.

One-Way ANOVA table shows that the p-value is more than 0.05 (0.278), the null hypothesis is accepted and the alternative hypothesis is rejected at 5% level of significance. Hence, it is concluded that there is no significant difference among age group of the respondents with respect of their overall experience about e-filling.

Chi – square analysis tablt shows that the p-value is more than 0.05 (0.088), the null hypothesis is accepted and the alternative hypothesis is rejected at 5% level of significance.

Hence, it is concluded that there is no significant difference between awareness level of e-filers and age group of the respondents.

## CONCLUSION

This study analyzes to an empirical study of awareness of e-filing. E-filing is the process of very helpful to tax payers whether male or female filing up their Income Tax Returns (ITRs) and also it's reducing our golden time. Majority of the respondents are lack of awareness towards use of e-filing. The Income Tax Department (IT) gives a lot of training programmes to e-filers upload their returns through internet.

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## APPENDIX

**Table 1: Demographic Profile of the Respondents**

| Particulars    | Characteristics | N         | Percentage   |
|----------------|-----------------|-----------|--------------|
| Age            | Below 30        | 9         | 18.0         |
|                | 30 to 45        | 22        | 44.0         |
|                | Above 45        | 19        | 38.0         |
| <b>Total</b>   |                 | <b>50</b> | <b>100.0</b> |
| Gender         | Male            | 31        | 62.0         |
|                | Female          | 19        | 38.0         |
|                | <b>Total</b>    |           | <b>50</b>    |
| Marital Status | Married         | 37        | 74.0         |
|                | Unmarried       | 13        | 26.0         |
|                | <b>Total</b>    |           | <b>50</b>    |

|                                  |                     |           |              |
|----------------------------------|---------------------|-----------|--------------|
|                                  | Private sector      | 6         | 12.0         |
|                                  | Government Sector   | 30        | 60.0         |
| <b>Profession</b>                | Traders/Businessman | 6         | 12.0         |
|                                  | Self employed       | 4         | 8.0          |
|                                  | Retired/Pensioner   | 4         | 8.0          |
|                                  | <b>Total</b>        | <b>50</b> | <b>100.0</b> |
| <b>Monthly Income</b>            | Below 5,00,00       | 23        | 46.0         |
|                                  | 50,000-70,000       | 10        | 20.0         |
|                                  | Above 70,000        | 17        | 34.0         |
|                                  | <b>Total</b>        | <b>50</b> | <b>100.0</b> |
| <b>Place of Residence</b>        | Rural               | 21        | 42.0         |
|                                  | Urban               | 29        | 58.0         |
|                                  | <b>Total</b>        | <b>50</b> | <b>100.0</b> |
| <b>Educational Qualification</b> | Hr. Sec.,           | 6         | 12.0         |
|                                  | Degree              | 4         | 8.0          |
|                                  | P.G                 | 23        | 46.0         |
|                                  | PhD                 | 10        | 20.0         |
|                                  | Professional        | 7         | 14.0         |
|                                  | <b>Total</b>        | <b>50</b> | <b>100.0</b> |

**Source:** Primary data

**Table 2:** Independent Sample T-test shows that the classification of the Respondent Based on Gender and Overall Experience of E-filler

| Gender       | N         | Mean | S.D   | T-Value      | P-Value      |
|--------------|-----------|------|-------|--------------|--------------|
| Male         | 31        | 3.48 | 0.677 |              |              |
| Female       | 19        | 2.21 | 1.316 | <b>4.519</b> | <b>0.000</b> |
| <b>Total</b> | <b>50</b> |      |       |              |              |

**Source:** Primary data

**Table 3:** One – Way ANOVA table sohws that the classification of the Respondent Based on Age and Overall Experience of E-filler

| Age          | N         | Mean | S.D   | F-Value      | P-Value      |
|--------------|-----------|------|-------|--------------|--------------|
| Less than 30 | 9         | 3.56 | 0.527 |              |              |
| 30-45        | 22        | 2.86 | 1.207 |              |              |
| Above 45     | 19        | 2.89 | 1.243 | <b>1.317</b> | <b>0.278</b> |
| <b>Total</b> | <b>50</b> |      |       |              |              |

**Source:** Primary data

**Table 4:** Chi – square analysis shows that the classification of the Respondent Based on Gender and Awareness Level of E-filier

| Age          | Awareness Level         |                          |                         |           | $\chi^2$     | P-Value      |
|--------------|-------------------------|--------------------------|-------------------------|-----------|--------------|--------------|
|              | Low                     | Average                  | High                    | Total     |              |              |
| Less than 30 | 1<br>(7.1%)<br>[8.3%]   | 9<br>(64.3%)<br>[30.0%]  | 4<br>(28.6%)<br>[30.8%] | 14        | <b>8.102</b> | <b>0.088</b> |
|              | 7<br>(28.0%)<br>[58.3%] | 14<br>(56.0%)<br>[56.0%] | 4<br>(16.0%)<br>[30.8%] | 25        |              |              |
|              | 4<br>(36.4%)<br>[33.3%] | 2<br>(18.2%)<br>[8.0%]   | 5<br>(45.5%)<br>[38.5%] | 11        |              |              |
| <b>Total</b> | <b>12</b>               | <b>25</b>                | <b>13</b>               | <b>50</b> |              |              |

**Sources:** Primary data**Note:** ( ) Row Percentage / [ ] Column Percentage